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EYES ONLY

THE WHITE HOUSE

WASHINGTON

June 2, 1977

The Vice President  
Midge Costanza  
Stu Eizenstat  
Hamilton Jordan  
Bob Lipshutz  
Frank Moore  
Jody Powell  
Jack Watson

Re: Cabinet Summaries

The attached were returned in the President's  
outbox and are forwarded to you for your  
personal information.

Rick Hutcheson

Attachments:

Reports from Labor, Transportation,  
CEQ, Agriculture, U.S. Mission to United Nations,  
Treasury, Interior, Justice, Commerce,  
Transportation, HEW, HUD, CEA,

THE PRESIDENT HAS SEEN.

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

"FYI"

1977 MAY 26, PM 12701  
May 26, PM 12701

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall *RM*

SUBJECT: Major Departmental Activities-May 21-26

EMPLOYMENT AND TRAINING--CETA LEGISLATION

Legislation providing for a one-year extension of the Comprehensive Employment and Training Act (CETA) passed the Senate on May 25. The House has already approved its version of the bill. A conference committee will meet after the Memorial Day recess to reconcile the two versions. No problems are expected.

LABOR LAW REFORM

On May 25, we completed discussions with the AFL-CIO on proposed legislation to modify existing labor laws. This afternoon Under Secretary Robert Brown and I will meet with Stu Eizenstat to begin developing an Administration position on the subject. The meetings with the AFL-CIO have been highly productive and a number of areas of legitimate concern have been identified.

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA)

As you know, OSHA issued an emergency temporary standard for worker exposure to benzene on April 29. This action was based on new evidence showing that this widely used substance causes leukemia at very low exposure levels. On May 19, the American Petroleum Institute and most major oil companies filed suit to suspend this standard in the Federal Court of Appeals for the Fifth Circuit in New Orleans. On May 20, a single judge of that court postponed the start of the benzene standard until a hearing could be held on June 6.



On May 27, OSHA will publish in the Federal Register a proposed permanent standard for exposure to benzene. Before this standard is actually adopted, hearings and other forms of public participation will occur. The proposed permanent standard is somewhat more comprehensive than the temporary standard in such areas as coverage and labeling requirements.

EMPLOYMENT STANDARDS ADMINISTRATION (ESA)

On May 25, I sent to every member of Congress a letter addressing their concerns about administration of the Federal Employees' Compensation Act. Improving this program, which has a long history of case backlogs, has been one of my highest priorities. In the letter, I explained that the caseload of the program had almost doubled in four years, while the number of staff remained relatively constant. I also stressed that better management techniques and the installation of automated data-processing equipment should eliminate these persistent problems in the months ahead.



THE PRESIDENT HAS SEEN.  
THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

May 26, 1977

MEMORANDUM FOR THE PRESIDENT  
The White House

The United States Court of Appeals for the Second Circuit yesterday requested that DOT provide by May 31 a statement of its views as to whether the New York Port Authority's ban on Concorde landings at Kennedy Airport is Constitutionally preempted by DOT's approval of a 16-month Concorde demonstration. The Department of Justice advises that such a request for views from a Federal court is considered mandatory, and that it would be a significant departure from past practice for the Government to refuse to comply.

Accordingly, I am affirming our long-standing position and recommending that the Department of Justice advise the Court of Appeals that the Coleman decision did not preempt the Port Authority's right to make a determination on Concorde landing rights, but instead granted the necessary Federal authority for landing.

Alan Boyd has been advised that this continues to be our position. He has also been advised that the Federal government is proceeding to promulgate SST noise rules and regulations. The continuance of the U.S. position that we will not overrule the New York Port Authority's rights in this matter may have an adverse impact on the current bilateral negotiations with the United Kingdom.

A large, stylized handwritten signature in dark ink, which appears to read "Brock Adams".

Brock Adams

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THE PRESIDENT HAS SEEN.

EXECUTIVE OFFICE OF THE PRESIDENT  
COUNCIL ON ENVIRONMENTAL QUALITY  
722 JACKSON PLACE, N. W.  
WASHINGTON, D. C. 20006

May 26, 1977

C

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren  
Gus Speth GS-  
Marion Edey

SUBJECT: Weekly Status Report

Environmental Message: Briefed Congressmen and staff, environmental and public interest groups, and the press on your May 23 Message to the Congress.

Alaska Gas Pipeline: Held two days of hearings in Washington, D.C., on the adequacy of the environmental impact statements prepared on the Alaska gas pipeline systems.

Interagency Committee on Priority Chemicals for Testing (ICPCT): ICPCT, established under Section 4(e) of the Toxic Substances Control Act, is an eight agency committee which is to determine highest priority chemicals for testing requirements. ICPCT, chaired by CEQ, met and approved a procedure for an interim report to be published July 1; first full report is due October 1, 1977.

Ad Hoc Interagency Toxic Substances Data Committee: Cochaired by CEQ and OMB, this committee is to coordinate data and information policies in the Executive Branch. This committee, consists of representatives from 32 agencies. An inventory of current and proposed federal activities in data collection, storage and recordkeeping will be prepared. This activity is pursuant to one of the directives in the Environmental Message.

Water Quality Legislation: Continued work at CEQ and with EPA to develop potential Administration positions on amending the Federal Water Pollution Control Act.



THE PRESIDENT HAS SEEN.  
DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

May 26, 1977

MEMORANDUM TO THE PRESIDENT

THROUGH Jack Watson  
Secretary to the Cabinet

SUBJECT: Weekly Report

FARM BILL. Relative closeness (45-50, 51-43) of the votes defeating Senator Muskie's amendments to reduce price support levels in the Senate Farm Bill strengthens your hand for possible veto. They would be hard pressed to find the two-thirds for override.

TOBACCO. Secretary Califano's request for HEW/USDA meeting on tobacco supports vs health may bring closer a tough decision on resolving the conflict. There are 580,000 families, mostly black, who depend on tobacco for their living. Understanding the health implications, the displacement of that many growers would present enormous social and economic problems.

SUGAR. Geneva conference will probably end this week without agreement. The EC, with their high cost of production, has been the stumbling block with their demands for a high export quota.

  
BOB BERGLAND



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THE PRESIDENT HAS SEEN.

May 26, 1977

TO: President Carter

THROUGH: Jack Watson

FROM: USUN - Ambassador Young

1977 MAY 26 AM 11 39

SUBJECT: Weekly Summary of U.S. Mission to United Nations  
Activities, May 18-25

1. AMBASSADOR YOUNG'S TRIP TO AFRICA

U.S. Delegation persuaded other 4 Western powers to enter into the spirit of African moderation regarding the UN Maputo Declaration on Zimbabwe (Rhodesia) and Namibia and to accept it with dissenting views on certain provisions.

After a brief but full-paced visit to Johannesburg, Amb. Young's party travelled on to Khartoum to attend the inauguration of Sudan's President Nimeri.

2. SECURITY COUNCIL RESOLUTIONS ON BOTSWANA AND LESOTHO

U.S. joined the consensus in the Security Council on May 25 on Resolutions appealing for economic assistance to Lesotho and Botswana due to the border problems of Rhodesia and South Africa (Transkei).

3. GROUP OF FIVE

The Group of Five has continued to meet in New York to plan and coordinate activities on Namibia and to discuss the results of the Maputo Conference.

4. UN DISENGAGEMENT OF FORCES (UNDOF) RENEWAL

Security Council will meet on May 26 to renew the UNDOF Mandate on the Golan Heights.

5. UN COMMITTEE ON RESTRUCTURING OF ECOSOC

Thanks in large part to US leadership of a "salvage operation", the 6th Session of the Ad Hoc Committee on Restructuring of the Economic and Social Section of the UN concluded on May 20 with agreement for further effort of the Chairman and his "friends" to develop a new paper narrowing the existing gaps. The Committee will submit its final report to the 32nd General Assembly.

6. NSC GROUP MEETING ON HUMAN RIGHTS, May 24

Washington office attended human rights issues group meeting Chaired by NSC and Deputy Secretary of State Christopher. Agreed to explore interagency memoranda in order to establish guidelines.

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THE SECRETARY OF THE TREASURY  
WASHINGTON

May 25, 1977

1977 MAY 26 PM 12 07

THE PRESIDENT WAS SEEN.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Highlights of Treasury Activities

1. BLUMENTHAL WHEREABOUTS

The Secretary returns from Tokyo late this evening. As previously reported, he plans to leave Sunday for the Inter-American Development Bank meeting in Guatemala (the delegation includes Herman Badillo and several other Members of Congress), and will be back on Wednesday, June 1.

2. FINANCIAL INSTITUTIONS REFORM

The EPG unanimously approved Treasury's recommendations on 1977 Administration policies in the area of financial institutions reform, and the Secretary is sending you a decision memorandum on this. A Senate Banking subcommittee will hold hearings on the subject June 20, and EPG recommends that the Administration propose a related bill next week. This legislation would represent a selective approach toward reform in this area; bills embodying "omnibus reform" failed in both 1973 and 1975 and it seems impractical to try one-step reform again.

3. FOREIGN CURRENCIES AND CONGRESSIONAL TRAVEL

Following the Secretary's discussion with you about the Comptroller General's recent decision, which requires the Treasury to restrict severely use of foreign currencies for Congressional travel, I informed the Congressional leadership of the problem. The leadership was receptive to changing the old practice and, subject to working out administrative details, to begin reimbursing the Treasury for foreign currencies used in Congressional travel (except in countries where we hold currencies in excess of U.S. needs). All of the details have not been pinned down, but we may be able to put the new procedures into effect by the end of this week.

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#### 4. NEW YORK CITY FINANCING

The next few weeks are expected to bring considerable public debate over the question of balancing the city's proposed 1978 budget and whether the third year of Federal lending can proceed. The Federal Seasonal Financing Act requires that this budget be balanced as a condition for continued Federal loans for the fiscal year beginning July 1.

Mayor Beame's proposed budget was submitted to the City Council on April 22 and will be submitted to the State-sponsored Emergency Financial Control Board (EFCB) in early June. Once the EFCB renders its judgment, the budget is in effect submitted to Treasury for our approval. At the moment, while the EFCB may require further expense cuts which may be difficult to NYC, it appears that the budget eventually submitted to us will be acceptable. If it is not, we will have no choice but to impose expense reductions.

This is a mayoral election year in New York City. This City budget, the Federal lending program and the overall Administration relationship with the City inevitably will be major campaign issues.

#### 5. ENERGY AND TAXES

Hearings before the Ways and Means Committee on your energy program will conclude June 1. On Monday the oil and gas industry presented its objections to the program and suggested an alternative, amounting to decontrol of petroleum prices and a windfall profits tax on resulting revenues for the next several years if such is deemed necessary. We are continuing contact with Congressional offices to try to assess their views.

#### 6. INTERNATIONAL FINANCIAL INSTITUTIONS

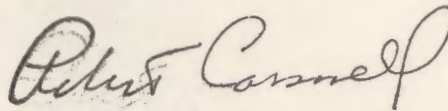
We understand at least three attempts will be made to amend the Foreign Relations Committee bill: (A) Senator Dole will offer an amendment requiring the U.S. to vote against IFI loans to Vietnam, Cambodia or Laos and reducing our contribution to institutions which provide such loans. (B) Senator Inouye is expected to oppose provisions in the Foreign Relations Committee bill allowing the Executive to make commitments upon passage of authorizing legislation, provided the commitment is



conditional on appropriation of such amounts. Inouye may also take issue with the Committee's position on callable capital; object to emphasis in the Committee bill in interpreting multi-year authorization as indication of Congressional intent to look favorably on the Executive's annual appropriations requests; and move to strike the \$150 million African Development Fund authorization as premature since replenishment negotiation for the Fund has not begun. (This may pose a problem for us. Although we did not oppose inclusion of the \$150 million on the House side, we did say that we would prefer to wait for completion of negotiations. Since we did not oppose inclusion on the House side, we are perceived as approving inclusion of the \$150 million in the bill.) (C) Senator Byrd will probably introduce amendments to reduce the levels in the authorization, which we will strongly oppose.

7. COFFEE SMUGGLING

The rise in prices is leading to coffee smuggling. Customs in Miami recently seized 15 tons of Haitian coffee illegally entered, and 63 tons of coffee were confiscated by Mexican Customs officials near the border at Ciudad Juarez after a jittery truck driver abandoned them.



Robert Carswell  
Acting Secretary

THE WHITE HOUSE  
WASHINGTON

June 2, 1977

Secretary Andrus -

**The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.**

**Rick Hutcheson**

Re: Water Projects



For Release on Delivery 8:30 a.m. (CDT), May 24, 1977

REMARKS OF SECRETARY OF THE INTERIOR CECIL D. ANDRUS  
BEFORE THE NATIONAL CONFERENCE ON WATER  
ST. LOUIS, MISSOURI, MAY 24, 1977

The air of expectancy here today reminds me of the old question so often put to politicians: "What have you done for me lately?"

Only this time the question has a twist: "What more can you do to me now?"

What I hope that I can do to you today is recruit you to help shape and implement a new national water policy in tune with this final quarter of the 20th Century.

For years there has been a great deal of talk about the need for a national water policy, but so far we have made little progress. Today I am going to lay down nine points which I believe will get us moving.

First, I want to discuss with you the recent review of the water projects and explain why I feel the urgent need to launch some initiatives and scuttle some old practices.

Ardent advocates of water projects remain in shock as a result of the President's review of the Bureau of Reclamation and Corps of Engineers projects.

The media called it a "hit list."

Emotional responses ranged from alarm and consternation among project proponents to glee and elation among project opponents.

But the decisions made by the President were not based on emotions. He followed a sound course of public policy consideration.

The President in making his decisions, and I in advising him regarding Reclamation projects, did not act out of naivete or lack of understanding of the politics and economics of Federal water resource project authorization. Both of us as former governors have plenty of experience in this area.

But the President was also aware of the changes taking place in society -- the increased sensitivity to environmental values -- the unwillingness of the general public to accept government decisions on resource use without question.

He knew the public wanted more participation.

He had promised the Nation he would be prudent in public spending, that he would eliminate wasteful use of public resources. Inflation was rapidly escalating costs of water projects, making them candidates for fiscal review, if not prime suspects of having excess "fat" which could be trimmed from the Federal budget.



Above all, he knew that the electorate had been questioning the old ways. People were asking why decisions made long ago or over a long period of time could not be reconsidered -- why not take a new look under current-day values?

All of the projects reviewed had been under criticism as unsafe, environmentally unsound, or economically unjustifiable. Many of these criticisms had been rejected summarily by project sponsors.

Other arguments were dismissed on "grandfather" rules -- challenges to projects were considered invalid because they were contrary to rules and acts of Congress prevailing at the time the projects were authorized. In my way of thinking, this is somewhat like -- after choosing our pathway to cross the street -- closing our eyes until we reach the other curb.

Well, I don't plan to operate with my eyes closed. Any decision made at any time by government should be open to scrutiny, and we have to be willing to change our minds and change our course of action when we see that a mistake has been made.

When President Carter decided to take a fresh look at the projects, he asked the Office of Management and Budget and the Council on Environmental Quality to provide current economic and environmental criteria. He sought the advice of the Secretary of the Army and myself as to the construction and expenditure status of the projects and the implications of the review.

As a result he sent a message to Congress on February 21 recommending that no funds be provided for the specified projects until they had been reviewed. The President also asked Secretary Alexander and me to carry out an evaluation of projects "and to develop comprehensive policy reforms in this critical area." Acting on our findings, the President recommended elimination of 18 projects and cutting back five others.

Our review was thorough even though of necessity conducted on an accelerated time scale. Many of you probably testified at the public hearings. The review teams consisted of experienced staff with access to all records, data and information, and to all projects, supporting calculations and the substantial expertise available within the respective agencies.

My recommendations to the President reflected reasoned and informed judgment based on the individual project reports. I am sure Secretary Alexander feels the same.

The criteria used in the review reflected concepts, standards and values expressed in recent legislation -- most of it enacted since the projects under review had been authorized. There was nothing drastic in the criteria.

The economic criteria took into account current prices on both the benefits and costs sides of the benefit to cost ratio and the current discount rate.

Our environmental standards were in line with recent legislation and today's concern for protection of our quality of life.



Our objective was to determine how well these projects would meet today's needs and the expectations for the future. Obviously, many of the projections of need made years ago when the projects were first formulated no longer are valid.

The water projects review does not constitute a rejection of the past nor a denial of the significant contributions of water resource projects in the development of our Nation and the quality of our lives. Hundreds of projects have provided needed irrigation, drinking water, flood control, electric power, transportation, fish and wildlife enhancement and recreation.

This review was conducted not to eliminate water projects because they have a low priority, but because the Administration places a very high priority on water policy.

This review marks a renewed awareness and sensitivity toward water resources, and a commitment to examine each water resource issue and to seek its resolution.

It recognizes that water is limited in availability just as energy and other resources. But the review declares that the day of considering money to be the only solution to water problems is over. We want results, not in the form of more dams and canals and the like, but in the form of rational use of this precious resource.

Dams, reservoirs and canals do not create water. Since they take years or decades to plan and build, they certainly are not emergency remedies to water-short areas today. Coping with a drought like 1977 requires programs of relief, cooperation, short-term rationing, sacrifice, and management.

The time is upon us when we have to meet the problem head on -- when we have to convince people that water conservation is their only salvation in certain areas -- the government cannot rescue them from either waste or refusal of states and localities to effect land and water use policies which protect the public.

Water is a finite resource, and what the government can do to deliver it where needed is also finite.

It is essential that we keep our perspective and not commit to long-term projects of questionable value because we have an immediate shortage of water in certain areas of the country.

It is clear that policy changes must be made:

--to ascertain that projects under construction, in the planning stage, or proposed in the future will meet an actual need and give broad benefits to the public,

--to assure that we do not waste tax money to benefit a few,

--to insure that projects are safely designed, constructed, and operated,



--to guarantee that the people have meaningful input into the decision-making process,

--to avert unnecessary environmental damage,

--to coordinate programs so that we carry out a national policy and do not construct projects which benefit one sector or group while damaging another sector or group.

We have a great opportunity to achieve these changes.

In his environmental message yesterday, President Carter ordered the Office of Management and Budget, the Council on Environmental Quality and the Water Resources Council to review current water resources policy. We will, after consultation with the Congress and the public, report concrete policy recommendations to the President within six months.

I am pleased that the WRC has been assigned a major part in this task. The Council will act as a board of review of agency reports that contain innovative policy reforms or suggestions. The Council will work also with those reports that have major unresolved problems of coordination or interagency conflict. The Council will recommend further analyses when necessary, and will reject reports which are inadequate.

At the outset, I promised nine points which I believe should be addressed in achieving a rational and comprehensive water policy.

1  
My first recommendation is that the planning and evaluation criteria expressed in the 1973 "Principles and Standards" of the Council be revised to reflect the President's policy initiatives and concepts. And then, the revised Principles and Standards should provide the framework for the Council's reviews.

Among modifications to the Principles and Standards should be revisions which would:

1. Add water conservation as an objective for consideration along with the national economic development and environmental quality objectives.

2. Give equal standing to plans which achieve our environmental conservation and economic objectives through nonstructural means and with explicit consideration of the alternative uses of the waters. Flood plain management and flood insurance should have high priority.

Another change in the "principles and standards" is imperative -- abolition of the so-called grandfather clause for all projects not yet underway. This provision now exempts all projects authorized before October 1973 and certain other projects well along in planning and local commitments. All projects not now approved for construction should be subject to the "principles and standards."

I realize that the grandfather provision for the interest rate is a part of the Water Resources Development Act of 1974, and the law would have to be amended to remove it.



2 A second proposal I make today is that projects that have been authorized for more than eight years and not yet funded or under construction should be deauthorized. This would assure an up-to-date analysis before re-authorization and would enable us to assure that they meet the test of fitness for the situation as it is known today. Legislation to accomplish this will be submitted to Congress.

Deauthorization is not unprecedented.

You will recall that the Pick-Sloan plan was authorized in 1944, but in 1964 Congress voted to require new authorization for any projects in the plan which had not yet been initiated.

The large number of projects in the grandfather and the not-yet-started categories indicates that the water resources planning process generates more projects than the economic system and Federal budget can handle.

3 My third point is that States and other non-Federal entities must be required to share a greater percentage of the burden in financing.

The availability of Federal money provided under very favorable conditions has led to the construction of projects that would not have been built if greater local cost-sharing were required. Present policy provides an irresistible temptation to request projects that would otherwise never be considered. The results too often may be poor planning, unwise and unneeded construction, and inequitable distribution of benefits.

The system of financing Federal projects is sadly out of proportion and out of date. Individual project purposes vary in their requirements for repayment by direct beneficiaries from 100 percent to zero, with the largest Federal subsidy going to such uses as flood control and navigation. While irrigation pays part of its cost, in terms of dollars spent there is a tremendous subsidy. Consequently, there are obvious inequities and the impact on the Federal budget is too large. And the system encourages waste where the price of water is below the actual cost.

A new system of financing must be proposed that will rely on non-Federal sources to pay considerably more of the costs than at present through water rates, capital contributions and other means.

Each project purpose will be affected, for only a comprehensive approach can bring about the balanced results necessary. The data gathering has been done by the WRC task force of two years ago for a study requested by Congress in 1974 legislation. Accomplishment of this goal has been too long delayed.

4 A fourth need, one of our most desperate, is for the reform of laws, regulations and practices governing allocation of water resources. Our review revealed that these institutional features vary so widely across the Nation that it is difficult to promote efficient use and conservation of water. Reform of these institutions will be difficult.



On a national average, groundwater provides one-fourth of the fresh water. In some states, such as California and Arizona, it provides more than half.

Yet, other than through a tedious process of litigation, in some states there is no system of controls over how or at what rate groundwater is used. Nor is there a management process for inter-relating groundwater and surface supplies.

The Federal government is involved in numerous projects to provide surface supplies to "rescue" users from groundwater overdraft situations. Often, the new supply is provided below actual cost to induce users to shift from the depleted groundwater system but with no provision for integrated management. Obviously, this unwise resource practice creates more problems than it solves.

Certainly, where the Federal government is muddying up the water, we must revise our programs so that we promote rather than sabotage water conservation.

As for the states, I would hope that they could begin cooperative efforts to bring laws, rules and institutions governing water into the 20th Century. If this does not occur, eventually the Federal government will be encouraged to step in, and another area of state prerogatives will be lost. As a former governor, I don't want to see that happen, and I do not propose any such drastic expansion of Federal influence at this time.

5  
As I indicated a moment ago, the Federal government desperately needs to coordinate its programs to encourage wise water use and discourage waste. So my fifth point is the need to scrutinize Federal programs to determine where we can employ these programs to encourage wise water use.

Some ways we can do this is to:

--Require individual water meters for residences in all cities receiving water from federally-aided systems.

--Set water efficiency requirements for irrigation uses for those receiving federal assistance in agriculture.

--Establish water efficiency standards for various types of construction where Federal funds are involved or where federal guarantees are made for the mortgages.

We have a great many tools at all levels of government which can and should be used to promote efficient water use and to discourage waste.

6  
My sixth point is another tough one -- Indian water rights.

In the past, the existence of federally-secured Indian water rights and their early priority dates have been largely ignored from the standpoint of water resources policy development, planning and use.



Today, the legal entitlement of Indian tribes to the use of water from the systems serving their reservations can no longer be overlooked or discounted. The Nation faces a conflict between the legitimate right of Indians to develop their resources and the impairment of enormous capital investments already made by non-Indians in the same water supply.

Quantification of "reserved rights" for Indian reservation and other Federal lands is essential to rational planning for the future. The more we continue to plan and use our water resources without regard to determination of Indian and reserved water rights, the more we compound the problem.

7 My seventh point concerns the need for evaluation of water quality and wastes management planning with conventional water resources allocation and development planning. Waste water reuse, artificial groundwater recharge, minimum streamflows, and safe drinking water are primary objectives -- not just afterthoughts or appendages.

This entire realm must be subject to evaluation through application of the revised Water Resource Council principles and appropriate standards covering all water resources programs.

More Federal funds are being committed now in these programs than in all the conventional water resources development programs combined. The water resources research community should be able to make a large contribution here by technological means, alternative evaluations and management arrangements.

8 My eighth point concerns safety.

The President has ordered a complete review of all practices related to site selection, design, construction and operations. We also are looking at procedures by which safety problems are identified, analyzed and solved.

Reports of these reviews must be completed by October with proposed safety guidelines. The reports and guidelines will then be reviewed by a panel of non-Federal experts who will advise the President by October 1978.

We will not take safety for granted. It must be established and proven in all cases.

9 And my final point to a large degree is a summary of several other key points -- the primary goal is conservation and more efficient use of water.

In its 1973 report, the National Water Commission noted that "national water policy has evolved over most of the past century as if water had no cost and there were no limits to its availability."

Our recent review and the drought should have dispelled this grand illusion.

Water development is costly, and water is certainly not abundant -- at least not everywhere. The existence and construction of large dams and reservoirs does not guarantee abundance -- witness the empty and near empty reservoirs in drought areas.

But we have learned another important lesson from this drought. That is that people can when they try live with considerably less water than they are accustomed to.

I do not suggest that everyone should be cut back to the level of those unfortunate people suffering with a meager ration of water. But their experience does point up the fact that the quantity of water used by most Americans includes a great deal which in excess of the basic essential supply -- and a great deal of waste.

Just as Americans are learning the facts about energy, they also will have to understand that although it is a renewable resource, water has its physical limitations as to quantity in time and place. We should have the wisdom, and recognize the obligation, to use water carefully.

Water is one of the key resources in the development of America -- it is one of the reasons we grew rapidly into a wealthy and powerful Nation. In the early days of our history, it must have appeared that water like other resources of this continent was inexhaustible

But water too often has been misallocated, misused and wasted -- here and in other Nations.

Charles Warren, who headed the U.S. delegation to the U.N. Water Conference, will be reporting at our luncheon on the results of that conference.

I understand that recommendations were made for action which we will want to consider seriously as we evolve our own national water policies.

The world can no longer enjoy the luxury of waste of any resource.

This morning I have laid out for you the major points I believe are essential to put us on the road toward a comprehensive and realistic national water policy.

What we are talking about in essence is caring -- caring about the environment, caring about wasted tax money, caring about the safety of fellow citizens, caring about the quality of our own lives and the lives of our children.

We have to care enough to change some of our ways -- ways which seemed to have served well in the old days but which no longer are adequate.

There is no better place or time to start this new approach than right here and now.

x x x





THE SECRETARY OF THE INTERIOR  
WASHINGTON

9

May 26, 1977

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THE PRESIDENT HAS SEEN.

MEMORANDUM TO THE PRESIDENT

FROM: The Secretary of the Interior

SUBJECT: Major Topics for the Week of May 23

The meetings this week on water projects did not achieve anything. Since my memorandum to you, the Committee's action points out their lack of concern for our position. I can only recommend a veto of the bill if the Senate doesn't change it radically. *ok*

As you know, I spoke to the National Water Conference Tuesday morning and outlined a nine point proposal for water reform. A copy of my speech is attached for your information. It wasn't what they wanted to hear, but it was well received.

The new owner of the Sequoia has consented to maintain the historic appearance and thus the Advisory Council on Historic Preservation removed their opposition at our urging. They are independent by law and they raised the question--not Interior.

I am spending three days with my family this week-end for the first time since December. I hope you can do the same.

*Cecil D. Andrus*  
CECIL D. ANDRUS

THE WHITE HOUSE  
WASHINGTON

June 2, 1977

The Attorney General -

**The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.**

**Rick Hutcheson**

Re: Reserve Mining Company  
Litigation



THE PRESIDENT HAS SEEN.  
**Office of the Attorney General**  
**Washington, D. C. 20530**

May 26, 1977

To Griffin.  
See note  
J

RE: Principal activities of the Department of Justice for the week of May 23 through 27

1. Meetings and Events

During the past week the Attorney General traveled to Hershey, Pennsylvania on Monday to speak to the District of Columbia Circuit Judicial Conference about some of the court reform legislation which the Department is sponsoring. Tuesday night the Attorney General attended the Administrative Law Judges Conference in Silver Spring, Maryland to introduce Congressman Rodino, who was receiving a distinguished service award at the meeting. On Wednesday night the Attorney General spoke to the First Circuit Judicial Conference which was meeting in Washington and later that night attended the dinner given by Ambassador and Mrs. Alireza for the official Saudi Arabian guests. Judge Bell had an off-the-record lunch with reporters and editors of the Washington Bureau of the Wall Street Journal on Thursday. On Friday Judge Bell will go to New York City along with Chief Justice Burger, Chairman Rodino, Senator DeConcini and others to participate in the "investiture" of Chief Judge Re of the U.S. Customs Court.

The Attorney General met with Ambassador Malcolm Toon Thursday morning to discuss the Ambassador's concerns about two Justice Department-related matters: (1) the proposed deportation of two Lithuanian hijackers; and (2) the nation's policy with respect to Soviet immigration.

2. Undocumented Aliens

Following the meeting with the President Tuesday, Immigration and Naturalization Service Commissioner Leonel Castillo and Terry Adamson, Special Assistant to the Attorney General, have continued to help develop the comprehensive policy with a group convened by Mr. Eizenstat pursuant to the discussion Tuesday.

3. Wilmington Ten Case

The State decision declining a new trial necessarily means that the Justice Department will continue its evaluation

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of whether any Federal legal action is required and, if so, what form that action should take. That process is now under way.

4. Magistrates Bill

Today the proposed Magistrate Act of 1977 will be introduced in the Senate by Senator Dennis DeConcini of Arizona, Chairman of the Judiciary Subcommittee on Improvements in Judicial Machinery, with the co-sponsorship of Senate Majority Leader Robert C. Byrd of West Virginia. Representative Peter W. Rodino, Chairman of the House Judiciary Committee, has agreed to sponsor the legislation in the House. The legislation, drafted with the aid of the Department of Justice, would enlarge the criminal jurisdiction of United States Magistrates and give them case-dispositive jurisdiction in civil actions if the parties and the District Court concur. The Act would also provide for more demanding magistrate appointment standards.

5. Freedom of Information Act -- Reduction of Backlog

Currently, the FBI has a backlog of 17,000 requests for information under the Freedom of Information Act. To reduce the backlog, the FBI has intensified its processing activities and has brought 200 FBI agents in from the field to provide assistance in eliminating the backlog. It is expected that the FBI Freedom of Information Act backlog will be eliminated by September 1, 1977.

6. Reserve Mining Company Litigation

On May 26, 1977, the government will file its response to the motion of Reserve Mining Company to vacate the order of the court which requires the company to cease discharging taconite tailings into Lake Superior on July 7, 1977. United States of America v. Reserve Mining Company, D. Minn. The company's motion seeks authority to discharge the tailings into Lake Superior until April 15, 1980. Although the Department does not intend to oppose the motion, as such, we will insist upon the inclusion of specific conditions as the quid pro quo for the extension, including a construction schedule for the on-land tailings basin which includes interim dates for the design, letting of contracts, initiation of construction, etc., and monetary penalties should the defendants fail to comply with the schedule of compliance.

*Why are we not opposing this motion? How long has Reserve been defying the law?*



7. Organization for Economic Cooperation and Development

John Shenefield, Acting Assistant Attorney General, Antitrust Division, is attending the Organization for Economic Cooperation and Development meeting in Paris. The Organization is composed of 22 nations which meet for the purpose of working out mutual antitrust problems.

THE WHITE HOUSE  
WASHINGTON

June 2, 1977

Secretary Kreps -

**The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.**

**Rick Hutcheson**

Re: Local Public Works





THE SECRETARY OF COMMERCE  
Washington, D.C. 20230

"FYI"

May 26, 1977 <sup>THE PRESIDENT HAS SEEN.</sup>  
MAY 26 AM 11 50

REPORT TO THE PRESIDENT

Subject: Department of Commerce Priority Issues

The following issues currently are of priority concern to the Department of Commerce (DoC):

● Local Public Works. Last week Assistant Secretary for Economic Development Robert Hall testified before both the House and Senate Public Works Committees on implementation of the Public Works Employment Act you signed on May 13. I am pleased to report that both sessions went well and that after resolving several minor policy issues, the regulations will be published in the Federal Register this Friday, May 27. We expect to maintain the schedule outlined in the Secretary's press conference, which includes beginning the project approval process by mid-June.

The record of the first round of the Local Public Works Program clearly demonstrates the abilities of local and State governments to get local public works projects underway quickly, thus providing a timely stimulus to local economies. As of May 25, almost 1900 of the approximately 2000 first round projects were under construction.

*great!*

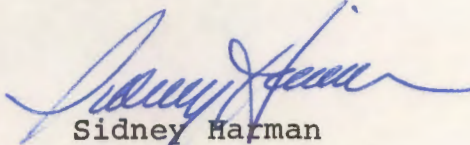
● Reorganization. When Harrison Wellford and several of his staff visited DoC recently to discuss reorganization, we took the opportunity to brief him on the new DoC goals which were the subject of Secretary Kreps' report to you and the Cabinet last month. We have begun to take a detailed tour of the complex Commerce activities with reorganization teams of employees drawn from every major bureau. Each member is working a cluster of activities to inventory our programs and determine how they can be used to complement each other in attaining DoC's goals. This inventory process will also serve to identify those crosscutting or possibly redundant responsibilities. We are not going to attempt to reorganize

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something we don't understand. It is encouraging to note that each agency head is committed to opening his office to this audit with the understanding that changes will come only after consultation with the agency head. A healthy spirit of cooperation pervades this effort.

In addition to this in-house project, we will be holding roundtable discussions in each of the nine regions to obtain suggestions from the public on how we might better serve them.

I might add that the last hour of discussion among Harrison Wellford, Secretary Kreps and the task force members was a spirited and free-flowing discussion. It was, in effect, its own excellent demonstration of how the "open process" yields excellent results. Those who will live with the consequences of the decisions actually participated in making them.



Sidney Harman  
Acting Secretary



THE WHITE HOUSE  
WASHINGTON

June 2, 1977

Secretary Adams -

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

Re: Concorde and US/UK  
Negotiations  
San Diego Freeway



THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

cc Adams  
J

May 26, 1977 1977 MAY 26 PM 2 15

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR THE PRESIDENT

THROUGH: Jack Watson

SUBJECT: DOT Issues for Presidential Review

*Boyd Adams*

Concorde and US/UK Negotiations

During the week of the Congressional recess I plan to meet with the European Conference of Ministers of Transport in Athens, June 1 and 2. As you know, I am to be your personal representative in meeting with the President of France, June 3 and 4, for the international aviation meeting in Paris. In addition to continuing our discussions on international maritime matters outlined below, I will undoubtedly be questioned by the European Ministers and the President of France on both the status of the US/UK negotiations on the Bermuda bilateral air agreements and the ultimate disposition of the Concorde.

I discussed these matters with Ambassador Alan Boyd when I was in London this week and indicated publicly that the U.S. wanted an agreement, but we could not allow other governments to control the capacity of our air transportation and considered it essential to maintain rights to air routes that would enable us to continue round-the-world air service. I also indicated that Ambassador Boyd must see the possibility of settlement by June 2, so we could have an opportunity to complete agreements by June 22. Otherwise, there is a realistic possibility of air service between U.S. and the U.K. being diverted to other points. The British have indicated they were prepared to go to Montreal and U.S. carriers have filed for permission to land in Dutch, German and French points. The British have also stated to Ambassador Boyd that they could not sign an agreement unless they were sure the agreement would provide landing rights for the Concorde in the United States. We have maintained the U.S. position that the Federal government has authorized a test period at Dulles and at Kennedy Airport in New York, but that the local authorities in New York also have to grant permission.

*Be prepared*

*not part of agreement*

I have just been informed that the Court of Appeals in New York has requested that the government state its position on whether or not the test is a Federal preemption which would require the Concorde to land in New York. This matter has been discussed with



the Justice Department, and I have instructed my General Counsel in working with the Justice Department to take the position that the test authorized by former Secretary Coleman does not preempt the right of the New York Port Authority to make a decision in this matter. We will move ahead with an SST noise rule this Fall. Legally, we cannot promulgate a rule until early 1978 because of notice and comment requirements for proposed rulemaking. On June 8, the House of Representatives will consider the DOT appropriations bill. I have been informed that Members of the New York delegation, led by Congressman Koch, will introduce an amendment to prevent the Concorde from landing at JFK. I will contact the House leadership and indicate to them that the Administration is opposed to such an amendment. *ok*

#### Potential Long Island Railroad Strike

I have read Ray Marshall's memorandum regarding the Long Island Railroad contract negotiations. My experience has been that Congress will step in to prevent an actual railroad strike and that the parties are negotiating with this expectation in mind. I would like to discuss this with Ray Marshall before a decision not to appoint an Emergency Board is made.

#### San Diego Freeway - Update

The Department of Transportation paid for the construction of new shoulder lanes on the San Diego Freeway for use by carpools and buses (high occupancy vehicles) during the rush hour. Earlier this year, I informed you that without consulting the Department of Transportation, Governor Brown opened the one completed lane to all traffic, not just high occupancy vehicles. In early February, I talked with the Governor about the difficult position this created, particularly the precedent it would set for enforcing high occupancy conditions on other projects, such as I-66 in Virginia and Westway in New York. Subsequent to my discussions with the Governor, the Federal Highway Administration sent a letter to the California State Highway Director stating that funds would be withdrawn for this and related State projects if the original terms (high occupancy use during rush hours) were not established. Last week, we received a reply from the State saying they wished to study the matter further.

I have reviewed this matter with the new Federal Highway Administrator, Bill Cox. We have agreed to inform Governor Brown that he must officially request permission of DOT to utilize this Freeway lane for all vehicles or enter into negotiations to pay back to the Federal Government those Federal funds used to construct the lane. If California is unwilling to cooperate, this may lead to a cutoff of funds due to the State on other highway projects. The Governor may try to bring this to your attention. *Hold firm*

### Sea Duty Assignment for Coast Guard Women

After lengthy discussions with the Commandant of the Coast Guard and agreement on immediate implementation, I issued instructions on May 24 that women in the Coast Guard will be given sea duty assignments.

On Wednesday, May 25, I spoke to the Coast Guard graduating class at their commencement and announced this action, which will be implemented this year for both enlisted personnel and commissioned officers. I believe we will now receive excellent cooperation from all parties.

### Metro

I have been carefully following your marginal notes on my reports to you on Metro. After discussions with OMB, I have written to Metro officials indicating a proposed plan of financing the interest on the outstanding federally-guaranteed revenue bonds which will go into default unless \$12 million is paid by June 25 and an additional \$29.3 million is paid in FY 1978. Knowing of your concern, I instructed members of DOT to become directly involved with Metro officials in planning to meet the interim interest expenses. I have indicated to Metro officials from the District of Columbia and surrounding jurisdictions that future federal assistance is dependent upon an analysis of all remaining segments beyond the 60 miles under construction, and a definite long-term financing plan both for the outstanding bonds and the costs of constructing and operating the system. As you know, this has produced some adverse reaction from the local jurisdictions who have run this project to this date. You can expect to see more complaints about federal interference, but the size of the project has now grown beyond the resources of the metropolitan jurisdictions. They expect federal assistance either through transfer of interstate highway funds (already taking place in the District), or through 80% federal assistance under the Urban Mass Transportation Act. I have indicated to them that this changes the relationship between local jurisdictions and the federal government. We must apply rigorous analysis to this system as we are doing throughout the United States.

I believe the Administration should show strong support for Metro, and I will personally ride the new Metro line from downtown to Washington National Airport today (May 26) and will emphasize that federal assistance will depend upon the federal government and the local governments, through Metro, arriving at an acceptable plan for this system.

C



### Oil Spill Legislation and International Negotiations

On Monday, May 23, I spent one day in London delivering to the officials of the maritime missions of the world your position that an international agreement must be immediately negotiated on tanker construction and crew standards and that we will negotiate in good faith to achieve an acceptable agreement. I also indicated that the Department of Transportation has already issued on May 15 notice of proposed rulemaking which will proceed during the negotiation period and will form the basis for unilateral action by the U.S. to bar unacceptable tankers from U.S. ports in the absence of such an agreement.

I believe the speech was well received, and I met informally thereafter with members of the maritime nations. They understand that we do want to negotiate this agreement but are prepared to proceed along if there are unwarranted delays. I have instructed officials of the Coast Guard to visit the major maritime powers involved and to explain in detail the proposed rules that were issued May 15 and to be certain that all parties understand the technical parts of our proposal.

THE WHITE HOUSE  
WASHINGTON

June 2, 1977

Secretary Califano -

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

Re: Financial Aid Forms





THE PRESIDENT HAS SEEN.

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE  
WASHINGTON, D. C. 20201

May 26, 1977

C

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

The following is my weekly report on significant activities within the Department of Health, Education, and Welfare.

- Welfare Reform: The first representatives from the States will be coming in early next week to discuss the working plan. Intensive consultation is scheduled for the next month. Senator Long and Chairman Ullman want a significant impact and I believe they will be cautious in their comments to the press. Senator Moynihan and Congressman Corman are likely to issue statements that will be more sympathetic. Governor Askew will issue a statement praising the process by which the Administration is developing the welfare reform proposal.
- Laetrile: As you know, Laetrile, a compound derived from pulverized apricot pits, is the latest in a long history of alleged cancer remedies. It will be the source of growing national controversy.

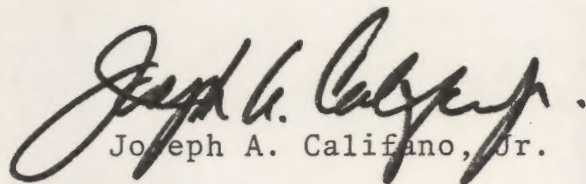
Under the Food, Drug, and Cosmetic Act, Laetrile is considered a new drug without an effective application, and its interstate transport is illegal. As a result of law suits against FDA, certain individual cancer patients are permitted to obtain personal supplies of the drug. However, the Agency continues to enforce the law against illicit manufacturers and traffickers in the drug. In an effort to counter extensive promotion and lobbying, the Agency is providing information and testimony to State legislators and assistance to State Boards of Medical Examiners and other affected institutions. Four states have legalized use of Laetrile, and similar legislation is pending in more than 20 other states.

In spite of the evidence showing Laetrile to be ineffective against cancer and the Federal ban against shipment in interstate commerce, an estimated 50,000 cancer patients in the United States take Laetrile

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each year. Because of this, the National Cancer Institute (NCI) is considering a clinical trial of Laetrile. While NCI has no new evidence that Laetrile may be effective, public pressure will inevitably influence its decision whether to conduct such studies. FDA is working closely with NCI in the preliminary development of the study plan.

- Financial Aid Forms: On May 23, I announced a simplified student financial aid procedure which will eliminate the need for over 2.5 million families to file Federal forms. Starting with applications to be filed this coming year for 1978-79, the Office of Education will eliminate its own form for the \$1.5 billion Basic Educational Opportunity Grants program, and use information secured by the colleges to determine the student's financial need and eligibility for a Basic Assistance Grant. This is a first step toward consolidation of all student aid forms into a single form and simplification of financial aid procedures that have become very complicated and confusing. *good*

  
Joseph A. Califano, Jr.

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THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D. C. 20410

May 26, 1977

THE PRESIDENT WAS SEEN.

C  
/

MEMORANDUM FOR: The President

SUBJECT: Weekly Report of Major Departmental  
Activities

The following are brief descriptions of significant activities at the Department of Housing and Urban Development.

New Initiatives for the Handicapped. At my May 25 news conference I announced the establishment of a HUD Office of Independent Living for the Disabled, reporting to our Assistant Secretary for Housing.

This new office will be responsible for ensuring that properly designed, accessible housing is provided for handicapped people. Our first major initiative is a goal of five percent of all new family units constructed under the Section 8 and public housing programs to be designed for use by the handicapped. This five percent goal would mean about 11,000 new units for the handicapped in Fiscal Year 1978.

The following additional steps also will be implemented:

- o Local communities will be encouraged to spend a larger share of their Community Development Block Grant funds to eliminate architectural barriers and build rehabilitation centers for the handicapped.
- o HUD will explore innovative approaches to develop alternative housing environments for the mentally disabled.
- o A working group will begin drafting HUD regulations on the civil rights of disabled people.
- o HUD will explore the possibility of establishing a consumer advisory committee on independent living to determine how we can make better use of existing HUD programs and to assist in the development of new programs, if needed.

Supreme Court to Review HUD's Position on Subsidies. On Monday, the United States Supreme Court agreed to review the question of whether the Department is required to implement a tax and utility operating subsidy program for our Section 236 multifamily housing interest reduction program.

Although we recognize the need for additional HUD assistance to cover rising expenses in many of these lower income housing projects, this particular operating subsidy program is not an effective means of providing assistance. In addition, there are serious questions concerning the funding of this program.

The Supreme Court will hear the operating subsidy cases during the fall session. Before that time we plan to have a comprehensive strategy for assisting the projects funded under our subsidized programs, including those assisted under Section 236.

Increased Multifamily Construction Starts. In the first four months of 1977, we have had construction starts on 266 HUD projects having a total of 27,650 units, an increase in units of 40 percent over the same period in 1976. Last year only 145 projects with 16,728 units were started.

During the past two weeks, construction began on 42 additional projects having a total of 3,570 units.

Citizen Input for 1978 Growth Report. The Department is conducting three Citizen Forums on Urban Growth this week. These meetings, held in Boston, New York, and Philadelphia, provide an opportunity for discussion of issues to be addressed in the 1978 Urban Growth Report.

HAP Inadequacies Noted. The Department has received preliminary findings from a HUD-funded contract to evaluate the effectiveness of Housing Assistance Plans (HAPs) which are prepared by local governments as part of their applications for Community Development Block Grant funds.

The initial report, presented on May 18, focused on the reasons for gaps between housing assistance desired by localities and the Section 8 housing resources actually made available by HUD. These reasons include: (1) resource allocation problems, (2) current HUD regulations and practices regarding assisted housing applications, and (3) developer response to HUD invitations for Section 8 proposals. The contractor also suggested that there may be a role for areawide planning organizations in reporting housing needs



and allocating housing assistance funds among cities within their jurisdictions.

The Department is now working on revisions in our HAP requirements to produce more workable guidelines for local housing assistance planning.

New Metro Cities May Receive Block Grant Funds. Our review of preliminary Census data on 1975 population estimates indicates that 12 additional cities will be eligible for entitlement grants under the Community Development Block Grant program in Fiscal Year 1978. The Department now expects to provide entitlements to 551 metro cities in FY 1978.

Major Disaster Activity. Assistance to the areas affected by federally-declared disasters continues into the seventh week. Oklahoma has been added to the list of states affected by disaster. As of May 22, 3,693 (32.2%) of the 9,430 families expected to need housing have received assistance.

Drought Problems Continue. In the absence of Congressional action on certain of the Administration's legislative proposals to deal with the drought, we have determined that emergency assistance must be continued on a temporary basis. Therefore, the provision of livestock feed assistance under the Presidential Emergency declarations will be extended for three months beyond the current June deadline. States must request the extension and must have a continuing need for the program. These extensions will preclude an abrupt termination of assistance pending a decision by Congress on whether the program should be continued.

The water shortage in the west is expected to have an impact on new housing starts. The Denver Water Board is seeking a 30 percent reduction in overall water use and has issued a restriction to reduce the number of new taps installed. The President of the Denver Home Builders Association has stated that if the Board sticks to the 5,200 ceiling on taps which it has now established for 1977, new housing starts in the area will be cut by one-third.

Senate Action on Housing and Community Development Bill Deferred; Federal Flood Insurance Program in Trouble. The Senate leadership acted on Tuesday, May 24 to defer until after the recess Senate floor consideration of the Housing and Community Development Act of 1977. House action on this measure has been completed.

As passed by the House, the bill contains an amendment offered by Congressman Taylor which would seriously reduce the impact of the Federal flood insurance program. The Taylor amendment would repeal a key provision in the Flood Disaster Protection Act of 1973 which bars federally-related financial institutions from making loans on real estate for the purchase of properties in identified special flood hazard areas of communities which are not participating in the Federal flood insurance program. If this provision should be repealed, the 15,500 communities currently participating in the flood insurance program would be encouraged to relax their flood plain management efforts or even to withdraw altogether, and non-participating communities would be given an incentive to refrain from joining. As a result, the nation's annual flood losses would increase dramatically as additional structures are erected in flood prone areas. Most importantly, the trends set under the present legislation of increasing progress in flood plain management and progressively greater numbers of property owners receiving the benefits of Federal flood insurance would be reversed.

We expect an amendment substantially similar to the Taylor amendment to be offered in the Senate by Eagleton, Tower, and others. Our initial reading shows significant support for the amendment. We expect that the most effective interest groups either will act in support of the Eagleton amendment or will remain silent. Only the environmental groups seem prepared to work actively with Chairman Proxmire in opposing the amendment. If it should carry, there would be no chance to oppose the issue in conference and the matter would be resolved.

HUD is cooperating by coordinating an Administration-wide effort and by providing technical assistance and support to Senator Proxmire in his efforts to preserve the Federal flood insurance program by opposing the Eagleton amendment.

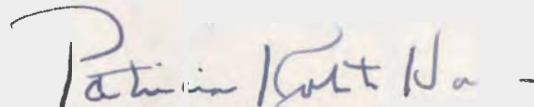
HUD Testifies on Energy Conservation. On Monday, May 23, a panel of HUD witnesses led by Lawrence Simons, Assistant Secretary for Housing, testified before the Subcommittee on Housing, (chaired by Congressman Ashley) of the House Banking, Finance and Urban Affairs Committee on the "National Energy Act" (H.R. 6831). The hearing focused on those sections of the bill which deal with financing of programs for energy conservation in housing.



In the course of the hearing, Congressman Ashley and other members of the Subcommittee expressed concern about the following issues:

- o Adequacy of production capacity in the insulating materials industry to permit the Administration to meet its goals;
- o The risks to consumers of fraud and rip-offs and a general concern about price escalation for insulation materials;
- o The lack of any express provision to cover the nation's 1.2 million public housing units; and
- o The lack of adequate incentives for insulating multifamily dwelling units.

Cooperation Agreement Between HUD and the Canadian Ministry of State for Urban Affairs. I have received a formal invitation from the Canadian Minister of State for Urban Affairs, Andre Ouellet to visit Canada on June 28 and 29. The main purpose of the visit will be to sign a "Memorandum of Understanding" which establishes a broad framework for cooperation and exchanges in areas of mutual priority interest. The letter of invitation also includes a program of visits to Canadian housing and urban development sites of particular interest.

A handwritten signature in blue ink, appearing to read "Patricia Roberts Harris", with a stylized flourish at the end.

Patricia Roberts Harris

THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

1977 MAY 26 PM 12 14

May 26, 1977

C  
/

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS*

SUBJECT: CEA Weekly Report

Economic Forecast. As I mentioned at the Cabinet meeting, the Administration forecasting group is preparing a new forecast. I expect that we will have details available within a week or so. The forecast of the economy that was presented to you on Wednesday was prepared by the CEA staff over the weekend and early this week. We expect to improve the forecast and to present the results to you before you complete the 1979 budget review.

Investment. My staff is analyzing the impact of alternative approaches to investment stimulus through tax reform. We hope to identify those proposals that are (a) effective, (b) of minimum cost, and (c) have acceptable impact in terms of the income distribution. We are also undertaking a longer-term study of the need for investment during the next several years in order to understand the nature and magnitude of investment problems we may face, and to pinpoint policy actions that may be needed.

Footwear OMA. Members of the CEA staff participated in discussions this week on the footwear orderly marketing agreements (OMAs) that Ambassador Strauss negotiated with Korea and Taiwan. This agreement is within the instructions issued by the EPG. We continue to be concerned, however, that OMAs can end up as a very restrictive form of protection. My staff's analysis indicates that both the color television and footwear agreements may be at least as restrictive as the tariff relief originally proposed by the ITC. Analyses of this kind are admittedly subject to much uncertainty, but they do point up the fact that OMAs can end up with protectionist results.

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Energy Policy. My staff has been working with the White House Energy Office to develop a consistent set of background papers for Administration witnesses before Congressional committees. In testimony, members of the Administration have been asked a number of highly detailed technical questions, and we have been working to produce mutually-agreed-upon answers.

Trade Adjustment Assistance. CEA is participating extensively in the interagency task force that is developing a new trade adjustment assistance program.

Alaskan Natural Gas. The Administration must make public by July 1 several reports relating to Alaskan natural gas policy. My staff is working on an interagency group preparing those reports. Our specific task is to monitor the preparation of estimates of the impact on the economy of various policy proposals.



THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM: Jack Watson

May 26, 1977

RE: Cabinet Summaries for Week of May 23 -  
26, 1977; Miscellaneous Items

I attach summaries received from the following departments:

Commerce  
CEA  
HUD  
Interior  
Justice

Labor  
Transportation  
Treasury  
UN

During the past few days, you also received memoranda which may be briefly summarized as follows:

- From Bob Bergland, in response to your letter of April 23 regarding dam safety, informing you that a USDA work group on the safety of dams is being established and will involve senior officials in the Soil Conservation Service, Forest Service Service, Agricultural Stabilization Service, Rural Electrification Administration, Farmers Home Administration, Agricultural Research Service and Office of the Secretary. C
- From Juanita Kreps, informing you that Commerce is working on a comprehensive and coordinated approach to federal ocean policy development, and will present recommendations on the subject to you in the fall. C

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- From Ray Marshall, notifying you that the UMW will elect its international officers on June 14; that races for the top offices are hotly contested; and that it is too early in the campaign to forecast the election outcome. Ray also informs you that the contract between the UMW and the bituminous coal operators expires on December 6, and that, mindful of the importance of coal production, he is working closely with the Federal Mediation and Conciliation Service on the upcoming negotiations. He asked to be kept informed of any decisions affecting these issues. C
- Joe Califano called to say that the press briefing on the welfare reform proposal yesterday went reasonably well; Joe emphasized that this is a tentative working draft which will form the basis for intensive and broad-reaching discussions with Congressional and state and local officials. I am attaching a copy of Joe's press statement for your information. C
- The FRC proposals have been submitted to the Cabinet members for their review and comment. We are also discussing the proposals with Governors and other state and local officials for their reaction. C

May 26, 1977  
Attachments

CC: The Vice President

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THE WHITE HOUSE  
WASHINGTON

June 2, 1977

Gretchen Poston -

**The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.**

**Rick Hutcheson**

**Re: Dinner for President of  
Venezuela and Mrs. Perez**



THE WHITE HOUSE  
WASHINGTON

ACTION  
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to  
Carp/Huron within  
48 hours; due to  
Staff Secretary  
next day

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
✓	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE WHITE HOUSE

WASHINGTON

June 1, 1977

TO: THE PRESIDENT

FROM: GRETCHEN POSTON *Gp/v*

Attached for your approval is the proposed guest list for the dinner honoring the President of Venezuela and Mrs. Perez on June 28, 1977. Mrs. Carter approved the list before her departure.

May I add one couple from the "people" file?

Approved: ✓

*yes*  
*J.C.*

*I think Jack/Tudy want  
to come to Schmidt's dinner*  
*J*

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Proposed guest list for the dinner to be given by the President and Mrs. Carter in honor of the President of Venezuela and Mrs. Perez on Tuesday, June 28, 1977

Venezuelan party

President and Mrs. Carlos Andres Perez  
Foreign Minister and Mrs. Ramon Escovar Salom  
Venezuelan Ambassador and Mrs. Ignacio Iribarren  
Minister of Energy & Mines and Mrs. Valentin Hernandez  
Minister of Information & Tourism and Mrs. Diego Arria  
Minister of State for International & Economic Affairs Manuel Perez Guerrero  
Minister for Basic Industries and Mrs. Carmelo Lauria

Vice President and Mrs. Mondale  
Secretary of State and Mrs. Vance  
Secretary of the Treasury and Mrs. Blumenthal  
Secretary of Commerce and Mr. Kreps  
Chief Justice and Mrs. Burger  
Assistant to the President and Mrs. Schlesinger  
Assistant to the President and Mrs. Brzezinski  
Ambassador and Mrs. Viron Vaky  
Assistant Secretary of State for Inter-American Affairs and Mrs. Todman  
Chief of Protocol and Mrs. Dobelle

Mr. and Mrs. Jack Carter  
Mr. and Mrs. Chip Carter  
Mr. and Mrs. Jeff Carter

Senator and Mrs. Robert C. Byrd  
Senator and Mrs. Paul S. Sarbanes  
Senator and Mrs. Jacob Javits  
Senator and Mrs. Ernest F. Hollings  
Senator and Mrs. Dale Bumpers  
Senator and Mrs. Birch Bayh

Rep. and Mrs. Jack Brooks  
Rep. and Mrs. Norman Mineta  
Rep. and Mrs. Richard Bolling  
Rep. and Mrs. Joe Waggoner  
Rep. and Mrs. John Moss

Hon. and Mrs. Maurice A. Ferre, Miami, Florida  
Mr. and Mrs. Harry A. Pfiffner, Atlanta, Georgia  
Mr. and Mrs. Jack Valenti, Washington, D. C.  
Mr. and Mrs. Robert Squier, Washington, D. C.  
Mr. and Mrs. Morley Winograd, Lansing, Michigan  
Mr. and Mrs. J. D. Williams, Alexandria, Virginia



proposed Venezuelan dinner guest list - page 2

Mr. and Mrs. George Campbell, Shrewbury, N. J.  
Mr. and Mrs. J. J. Simmons (Jake), Scotch Plains, New Jersey  
Mr. and Mrs. Bobby Stafford, Arlington, Virginia  
Dr. and Mrs. Albert M. Davis, Atlanta, Georgia  
Mr. and Mrs. Lamar Plunkett, Bowdon, Georgia  
Mr. and Mrs. Doug Fraser  
Mr. and Mrs. Michael Kraft, Washington, D. C.  
Mr. and Mrs. Steve Ross, New York, New York  
Hon. and Mrs. \_\_\_\_\_ Patman (Carrin Patman), Austin, Texas  
Mr. Calvin Guest, Bayou, Texas  
Mr. Mark Hogan, Denver, Colorado  
Mr. and Mrs. Stan Brody, Glencoe, Illinois

Mr. Ed Bradley, CBS  
Mr. Joseph Pulitzer, St. Louis Post-Dispatch

Mr. and Mrs. John French, Minneapolis, Minnesota  
Mr. and Mrs. Lawrence Hayes, St. Paul, Minnesota

Mr. and Mrs. David Blumberg, Washington, D. C.  
International President, B'nai B'rith (Dobelle)

Mr. and Mrs. Leonard Schneider - Albert, Kansas (Mrs. Carter)  
Mr. and Mrs. Homer Kruckenburg - Great Bend, Kansas (Mrs. Carter)  
Mr. and Mrs. Margaret Hobelman (Mrs. Carter)  
Mr. and Mrs. Harriet Terry (Mrs. Carter)

K

PEREZ DINNER LIST -- CARTER PERSONAL & POLITICAL

- 1 - The Honorable and Mrs. Maurice A. Ferre  
100 Biscayne Boulevard No.  
Miami, Florida 33132

Suggested by Joe Aragon. Ferre is Mayor of Miami. He knows Perez, and Mrs. Ferre is Venezualan. Ferre has been active in campaign and has even represented the President at the inauguration of the new Governor of Puerto Rico.

- 2 - Mr. and Mrs. Harry A. Pfiffner (wife - Billie)  
976 Peachtree Battle Circle, N. W.  
Atlanta, Georgia 30327

Old personal friends and supporters.

- 3 - Mr. and Mrs. Jack Valenti  
Motion Picture Association of America, Inc.  
1600 Eye Street, N. W.  
Washington, D. C. 20006  
off: 293-1974

Valenti is a long-time Democratic party supporter. Helped in fall campaign. Is a personal friend of Perez. Suggested by Pat Caddell; (he says this is a must).

- 4 - Mr. and Mrs. Robert Squier  
222 4th Street, S. E. (social office please verify  
Washington, D. C. address before mailing invitation)  
547-4970  
wife - Trudy

Bob has worked with Jerry Rafshoon on films. He worked on election eve broadcast and has worked on live TV from the White House. The President knows him personally. Bob has done a great deal of film work in Venezuela and knows Perez personally. Suggested by Pat Caddell (a must).

- 5 ~~on~~ Mr. and Mrs. Morley Winograd  
321 North Pine  
Lansing, Michigan 48933  
517/371-5410

*Mr. and Mrs. J. D.  
Williams  
N. Pegram ST.  
Alexandria, Va.*

He is the Democratic State Chairman of Michigan and is Chairman of the Delegate Selection Commission for the 1980 Convention. Suggested by Mark Siegel and the Democratic National Committee.



- 6 - Mr. and Mrs. George Campbell (wife - Ann)  
300 Sycamore Avenue  
Shrewbury, New Jersey 07701  
201/747-4977

NOTE TO GRETCHEN:  
Her placecard should  
be "Ann", not "Mrs. George

Ann is the Democratic State Vice Chairperson of  
New Jersey and is the President of the Association  
of Democratic State Chairmen. Suggested by Mark Siegel & DNC.

- 7 - Mr. and Mrs. J. J. Simmons (Jake)  
1549 Ashbrook Drive  
Scotch Plains, New Jersey 07076

Vice-President of Hess Oil Company. Contributor to  
Democratic party and to Carter Campaign. Black.  
Suggested by Ben Brown.

- 8 - Mr. and Mrs. Bobby Stafford  
2909 South 20th Street  
Arlington, Virginia 22204

He is an attorney and early Carter supporter. Black.  
Suggested by Ben Brown.

- 9 - Dr. and Mrs. Albert M. Davis  
281 Boulevard  
Atlanta, Georgia

Early Carter financial supporter. Black. Suggested  
by Ben Brown.

- 10 - Mr. and Mrs. Lamar Plunkett (Frances)  
Box 399  
Bowdon, Georgia 30108

Mrs. Carter's request. Old friends and supporters.

- 11 - Mr. and Mrs. Doug Fraser

Doug is the new President of the UAW. Suggested  
by Landon Butler and Mark Siegel.



- 12 - Mr. and Mrs. Michael Kraft  
5253 Nebraska Avenue, N. W.  
Washington, D. C.  
338-6110

Mike was instrumental in organizing the D. C. finance committee in the campaign. He is Director of Development for Project HOPE. Suggested by D. C. coordinator. (Tim Kraft's brother.)

- 13 - Mr. and Mrs. Steve Ross  
Chairman of the Board  
Warner Brothers Communications  
75 Rockefeller Plaza  
New York, New York 10019

Has been a great deal of help in fundraising for the Democratic Party. Suggested by DNC.

- 14 - Mr. and Mrs. Abram Schrader  
530 7th Avenue  
New York, New York

Has been a great deal of help in fundraising for the Democratic Party. Suggested by DNC.

- 15 - The Honorable and Mrs. Patman  
2702 Moonlight Bend  
Austin, Texas 78703  
512/472-7214

NOTE TO GRETCHEN:  
Her placard should  
read "Carrin" not "Mrs."

Carrin is on Democratic Party's Commission on Presidential Nomination and Party Structure; daughter-in-law of late U. S. Rep. Wright Patman; her husband is a State Senator in Texas. She has been and will continue to be instrumental in formulating changes in the Texas Delegate Selection system. Suggested by DNC.

- 16 - Mr. Calvin Guest  
Bayou, Texas

State Democratic Chairman; very helpful with work on Universal Voter Registration and other activities regarding Texas politics. Suggested by DNC.

- 17 - Mr. Mark Hogan  
2800 First National Bank Building  
Denver, Colorado 80202  
office: 303/892-6080  
res: 303/756-2404

Early Carter supporter. Has strong ties to Colorado congressional delegation. DNC suggestion.

- 18 - Mr. and Mrs. Stan Brody  
(wife - Judy)  
812 Strawberry Hill Drive  
Glencoe, Illinois 60022

Helped with one of Mrs. Carter's trips; may have kept her overnight. Early supporters. Suggestion from Mrs. Carter's trip files.